

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

DOCKET NO. VGOB-04/12/14-1374-1

ELECTIONS, UNIT: HRVAE #2

(hereinafter "Subject Drilling Unit")

REPORT OF BOARD

FINDINGS AND ORDER

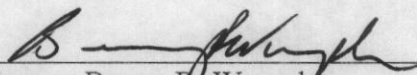
1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on **April 19, 2005**, and recorded in **Book 617, Page 175** at the Office of the Clerk of Circuit Court, Buchanan County, Virginia on **April 27, 2005**, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.
2. Findings: The Board finds that:
  - (a) The Board Order directed Hard Rock Exploration, Inc., (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
  - (b) The designated operator filed its affidavit of mailing dated **May 23, 2005**, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;
  - (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated **September 6, 2005**, in

accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;

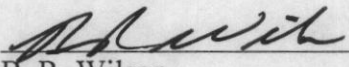
- (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B;
  - (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Wachovia Bank, Corporate Trust, PA 1328, 123 South Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Wachovia Bank, Corporate Trust, PA 1328, 123 South Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed to each person whose interest or claim is subject to escrow and whose address is known.
5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
6. Effective Date: This Order shall be effective on the date of its execution.



DONE AND EXECUTED this 13<sup>th</sup> day of October, 2005 by a majority of the Virginia Gas and Oil Board.

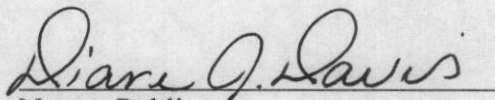
  
Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 13<sup>th</sup> day of October, 2005 by Order of this Board.

  
B. R. Wilson  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF Washington

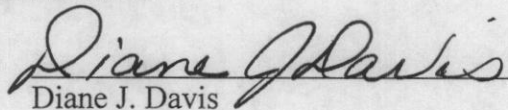
Acknowledged on this 13<sup>th</sup> day of October, 2005, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Notary Public

My commission expires: 9/30/09.

STATE OF VIRGINIA )  
COUNTY OF Washington

Acknowledged on this 13<sup>th</sup> day of October, 2005, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Diane J. Davis  
Notary Public

My commission expires: 9/30/09.

**VIRGINIA:**

***BEFORE THE VIRGINIA GAS AND OIL BOARD***

IN RE: Application of Hard Rock Exploration Inc., for Forced Pooling of Interests in Unit Number HRVAE #2 VGOB Docket No. VGOB-04/12/14-1374-1 in the Garden Magisterial District of Buchanan County, Virginia.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on **April 19, 2005**, by the Virginia Gas and Oil Board regarding the captioned Conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on **April 27, 2005**.
5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

**Tract**  
3, 5, 10

**Lessor**  
CNX Gas Company, LLC  
Attn: Les Arrington  
P.O. Box 947  
Bluefield, VA 24605

**Elected**  
Carried Interest



<u>Tract</u>	<u>Lessor</u>	<u>Elected</u>
10	Appalachian Energy, Inc. Attn: Frank Henderson P.O. Box 2406 Abingdon, VA 24212-2406	Participation

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, as unknown or/unlocatable.

NONE

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims.

NONE

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

<u>Tract</u>	<u>Lessor</u>	<u>Cash Consideration</u>
2	Norfolk & Southern Railroad Corporate Office 3 Commercial Pl. Norfolk, VA 23510	11.38 x \$5.00 = \$56.90
8	IDA of Buchanan County P.O. Box 1072 Grundy, VA 24614	3.80 x \$5.00 = \$19.00
9	IDA of Buchanan County P.O. Box 1072 Grundy, VA 24614	3.14 x \$5.00 = \$15.70
10	Thurman G. & Iris A. Cooper P.O. Box 782 Doran, VA 24612	0.07266 x \$5.00 = \$0.36

That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are not required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Dated at Kingsport, Tennessee, this 6<sup>th</sup> day of September 2005.

[Signature]  
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Hard Rock Exploration Inc., a corporation, on behalf of the corporation, this 6<sup>th</sup> day of September 2005.

My commission expires: 11-12-08



[Signature]



**Exhibit B**  
**HRVAE #2**

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Interest</u>	<u>Gross Acreage In Unit</u>
1	C.L. Ritter Lumber Co. Box 700 Huntington, WV 25711	Leased	22.63%	40.63
2	Norfolk & Southern Railroad Corporate Office 3 Commercial Pl. Norfolk, VA 23510	Unleased	6.34%	11.38
3	Tazewell Coal & Iron P.O. Box 675 Tazewell, VA 24651	Unleased	17.49%	31.39
<b>Oil and Gas Lessee</b>				
	CNX Gas Company, LLC Attn: Les Arrington P.O. Box 947 Bluefield, VA 24605	Elected to Carry Interest		
4	C.L. Ritter Lumber Co. Box 700 Huntington, WV 25711	Leased	27.29%	48.99
5	Tazewell Coal & Iron P.O. Box 675 Tazewell, VA 24651	Unleased	4.97%	8.93
<b>Oil and Gas Lessee</b>				
	CNX Gas Company, LLC Attn: Les Arrington P.O. Box 947 Bluefield, VA 24605	Elected to Carry Interest		
6	C.L. Ritter Lumber Co. Box 700 Huntington, WV 25711	Leased	4.72%	8.47

**Exhibit B**  
**HRVAE #2**

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Interest</u>	<u>Gross Acreage In Unit</u>
7	C.L. Ritter Lumber Co. Box 700 Huntington, WV 25711	Leased	10.87%	19.51
8	IDA of Buchanan County P.O. Box 1072 Grundy, VA 24614	Unleased	2.12%	3.80
9	IDA of Buchanan County P.O. Box 1072 Grundy, VA 24614	Unleased	1.75%	3.14
10	<u>Caroline Cole Heirs</u>		1.82%	3.27
*	Harold G. Cole 1436 Betana Ave Akron, OH 44310	Unleased	0.07407	0.24220
*	Donald Stephen Cole 7583 Lakewater Dr. Cincinnati, OH 45242	Unleased	0.03703	0.12108
*	Kenneth Edward Cole 12403 Winmere Circle Wintergarden, FL	Unleased	0.03703	0.12108
*	Norma Jean Dotson P.O. Box 226 Rosedale, VA 24280	Unleased	0.02469	0.08074
*	Sherry C. Looney c/o Norma Jean Dotson P.O. Box 226 Rosedale, Va 24280	Unleased	0.04938	0.16148
*	Martha E. Combs P.O. Box 1404 Abingdon, VA 24210	Unleased	0.01851	0.06055



**Exhibit B**  
**HRVAE #2**

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Interest</u>	<u>Gross Acreage In Unit</u>
10 *	Fredrick H. & Elane Combs, II 318 East Fincastle Tazewell, Va 24651	Unleased	0.01851	0.06055
*	Carol & John Irvin 4710 Hunterwood Circle Richmond, TX 77469	Unleased	0.01851	0.06055
*	Edith G. Street P.O. Box 792 Grundy, VA 24614	Unleased	0.05558	0.18166
*	Claude V. and Caroline Keen P.O. Box 233 Whitewood, VA 24657	Unleased	0.18518	0.60555
*	Timothy J. McDonald P.O. Box 609 Prestonsburg, KY 41653	Unleased	0.02222	0.07266
*	Tamala McDonald Williams P.O. Box 82 Roaring Gap, NC 28668	Unleased	0.02222	0.07266
*	Gregory B. McDonald P.O. Box 727 Prestonsburg, KY 41653	Unleased	0.02222	0.07266
*	Greta McDonald Meek 177 Colvin Branch Oil Springs, KY 41238	Unleased	0.02222	0.07266
*	Byrd William McDonald 513 NW 13 <sup>th</sup> Street, Suite 202 Portland, Oregon 97209	Unleased	0.02222	0.07266
*	Nancy Jane Cole 208 Berkley Street Beckley, WV 25802	Unleased	0.11111	0.36333

**Exhibit B  
HRVAE #2**

<u>Tract</u>		<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Interest</u>	<u>Gross Acreage In Unit</u>
10	*	Karen & Brian Rowe P.O. Box 781 Hanover, WV 24839	Unleased	0.02222	0.07266
	*	Sharon & William Daniels P.O. Box 1627 Gilbert, WV 25621	Unleased	0.02222	0.07266
	*	Billy Victor Hartman 1605 Villa South Dayton, OH 45449	Unleased	0.02222	0.07266
	*	Melanie Cooper c/o Rebecca Cooper P.O. Box 314 Hurley, VA 24620	Unleased	0.02222	0.07266
	*	James W. Burress 22638 Aven Lane Abingdon, VA 24211	Unleased	0.05555	0.18166
	*	Margaret M. Davis P.O. Box 10 Richlands, VA 24641	Unleased	0.05555	0.18166
	**	Mary F. Selle 4823 Basswood Drive Columbus, GA 31904	Unleased	0.01851	0.06055
	**	Larry Dean Cole & P.O. Box 962 Cedar Bluff, VA 24609	Unleased	0.01851	0.06055
		Thurman G. Cooper & Iris A. Cooper P.O. Box 782 Doran, VA 24612	Unleased	0.02222	0.07266



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TESTE: James M. Bevins, Jr., Clerk  
TESTE: Shirley S. Keller Deputy Clerk